

VZCZCXRO3688
RR RUEHAST RUEHDH RUEHHM RUEHLN RUEHMA RUEHPB RUEHPOD RUEHSL RUEHTM
RUEHTRO
DE RUEHBR #1308/01 3131846
ZNR UUUUU ZZH
R 091846Z NOV 09
FM AMEMBASSY BRASILIA
TO RUEHC/SECSTATE WASHDC 5343
INFO RUEHSO/AMCONSUL SAO PAULO 0051
RUEHRI/AMCONSUL RIO DE JANEIRO 0012
RUEHRG/AMCONSUL RECIFE 0084
RUEHZN/ENVIRONMENT SCIENCE AND TECHNOLOGY COLLECTIVE
RHEHNSC/NSC WASHDC

UNCLAS SECTION 01 OF 04 BRASILIA 001308

SENSITIVE

SIPDIS

NSC PASS TO RESTREPO AND ROSELLO

E.O. 12958: N/A

TAGS: [SENV](#) [EFIN](#) [EAGR](#) [EAID](#) [KGHG](#) [BR](#)

SUBJECT: BRAZIL'S CLIMATE POSITION IS IN FLUX AND COULD STRENGTHEN;
FOR NOW THEY ARE BEING CAUTIOUS

REF: A) BRASILIA 1136, B) 2008 BRASILIA 1462

BRASILIA 00001308 001.2 OF 004

(U) THIS CABLE IS SENSITIVE BUT UNCLASSIFIED AND NOT FOR INTERNET
DISTRIBUTION.

¶1. (SBU) SUMMARY. The Government of Brazil (GOB) is finalizing its position for the Conference of the Parties-15 (COP-15) to the UN Framework Convention on Climate Change (UNFCCC) in Copenhagen. Despite earlier signals that it might announce an economy-wide emissions reduction target, President Luis Inacio Lula da Silva declared on November 4 that Brazil will not do so for now. Instead the GOB will offer some domestic measures to reduce emissions, most notably, an 80 percent target for reducing the rate of deforestation in the Amazon Forest by 2020. Further, Lula plans to call President Obama and other leaders to suggest constructing a global emissions target, to which Brazil could contribute its share. During the call, Lula plans to urge Obama to attend Copenhagen. Lula's staff says Obama's attendance would make it likely that the GOB would improve its proposal.

¶2. (SBU) At the same time, the GOB is making greater demands on the United States, Europe, and Japan for much deeper emissions reductions - reducing their 2020 emissions by 25 to 40 percent from the 1990 level. The GOB is calling on developed countries to provide substantial public financial assistance (apart from private sector funding), and technology transfer. Further, the Ministry of External Relations has not really embraced the concept of carbon credits for forests, despite an impressive array of supporters for the proposition from the Environment Ministry to the nine state governors in the Amazon region. Meanwhile, the GOB is working on a joint declaration with France to be released before Copenhagen, which should address a wide variety of the climate change issues, mitigation, adaptation, financing, technology transfer, and forests. Lastly, Lula plans to meet on November 26 in Manaus with leaders from the other South American countries that have a part of the Amazon forest to develop common positions for COP-15 on mitigation involving forests, adaptation, and financing. END SUMMARY

DECIDING TO PLAY IT SAFE

¶3. (SBU) With the Copenhagen UNFCCC COP-15 fast approaching, the Government of Brazil (GOB) has been developing its proposal on mitigation actions. Lula and other senior GOB officials repeatedly have said they will go to Copenhagen with an "ambitious" proposal. The types of domestic mitigation actions that Brazil could take, their costs, and the implications for greenhouse gas (GHG) emissions are now fairly well understood by the GOB. There has been a significant and detailed inter-governmental process to identify what

Brazil can do to reduce emissions. There has been a contentious conversation happening within the GOB as to whether Brazil should announce an economy-wide reduction target at or before Copenhagen or whether it should limit itself to its domestic deforestation reduction goal with possibly some other domestic measures too. On November 3, President Lula, Dilma Rousseff (his head of the Presidency and also head of the Brazilian delegation to Copenhagen as well as Lula's hand-picked candidate to succeed him as President), and the cabinet met to try to decide whether to have a potential economy-wide target and what that target would be. Environment Minister Carlos Minc pushed hard for an economy-wide GHG emissions target of a 40 percent reduction below "business as usual" for 2020. Rousseff feared that this might be a difficult target to meet without threatening robust economic growth, which would damage her chances of winning the election. The meeting broke up without agreement and is scheduled to resume on December 13. After the meeting, Rousseff told the press that she wouldn't let the Brazilian proposal impede economic growth, a perspective that is at the heart of the Brazilian negotiation position.

¶4. (SBU) On November 4, Lula said that Brazil would not announce any economy-wide GHG reduction target prior to Copenhagen, though it would register some measures it plans to take to reduce emissions particularly on deforestation. Instead of becoming the "savior of Copenhagen" as Minc proposed, Brazil is taking the path urged by Ministry of External Relations, namely adopting a "wait-and-see" approach and holding back to see what other countries will do. One justification for not announcing an economy-wide target, according to Lula, was "we don't want to arrive with our numbers and seek to impose them on the international community."

COMPONENTS OF BRAZIL'S PROPOSAL

¶5. (SBU) Brazil has already announced that it will take some domestic mitigation actions, most notably reducing the rate of deforestation of the Amazon Forest by 80 percent by 2020, compared

BRASILIA 00001308 002.2 OF 004

with the 1996-2005 average rate. This means slashing the annual rate from almost 20,000 square kilometers to about 4,000 square kilometers. According to Minc, this measure alone would represent about a 20 percent reduction in Brazil's economy-wide GHG emissions from business as usual. To reach a 40 percent GHG emissions reduction target, Minc said that other domestic measures that are already planned would need to be included in the proposal. These other measures include the following:

Agriculture sector - no till planting; reforestation of degraded lands; mechanizing the harvest of sugar cane; more intensive ranching; mixing orchards and crops.

Energy sector - use more wind and solar power; increase the use of biodiesel.

Industrial sector - implement a "green steel" program whereby only charcoal from sustainable sources - rather than from the Amazon - for producing pig iron.

¶6. (SBU) The Ministry of External Relations, which is leading the negotiating team, has suggested several times that Brazil might eventually agree to an economy-wide emissions reduction target, but one that would be less than the expected results from the deforestation reduction goal and other planned domestic measures. These officials appear to be suggesting a possible economy-wide target closer to 20 percent than 40 percent for 2020 compared with business as usual. The Finance Ministry's Deputy Executive Secretary Francisco Franco worried about committing to results from too many measures. He pointed to their analysis and that of a McKinsey study showing the costs to the Brazilian economy start to rise sharply once you move beyond reducing deforestation and reforestation. McKinsey estimates that Brazil will release about 2.8 GtCO₂e in 2030 with business as usual and of that an estimated 1.7 GtCO₂e would possibly be abated at low cost (less the 10Euro/tCO₂e), but after that the cost of abatement soars. Further, the GOB is worried that as Brazil addresses deforestation emissions, its overall emissions will begin to increase as its deep-water

oilfields come into operation and their industrial economy continues to grow.

¶7. (SBU) Thus, the GOB today is willing to announce only its deforestation reduction target. Lula has defended this measure as being pretty "ambitious" by itself. He told reporters in New York on September 22, that with the 80% reduction "[w]e will reduce CO2 emissions by 4.8 billion tons, which is an amount greater than the sum of all the commitments by the developed countries combined." What the GOB is holding in reserve are (1) translating the deforestation reduction into an economy-wide target, which would be about 20 percent from business as usual for 2020, and (2) including the expected results from other planned domestic measures (described above), which they could conservatively infer an additional five to possibly as high as 10 percent reduction from business as usual (i.e., 25 to 30 percent).

LULA PLANS TO CALL OBAMA ABOUT COPENHAGEN

¶8. (SBU) On November 4, Lula announced that at the request of British Prime Minister Gordon Brown, he would call President Obama and others to see if world leaders could agree to construct jointly a global emissions target, to which Brazil then could contribute. During the call, Lula said he would press Obama to come to Copenhagen, in which case Lula would also attend. A senior international advisor to Lula, Marcel Biato, told Charge d'Affaires that if Obama were to go to Copenhagen, then Brazil would likely be able to improve its proposal a bit. COMMENT. Encouragement from President Obama and/or other senior USG officials, and the prospect of President Obama's attendance at Copenhagen, could well persuade Brazil to be more forthcoming and finally to put an economy-wide target on the table. END COMMENT.

TARGETS FOR DEVELOPED COUNTRIES; NAMAS FOR OTHERS

¶9. (SBU) The GOB has been consistent on its view of the structure of an agreement at Copenhagen. This is reflected in the October 6 Joint Statement that came out of the European Union-Brazil Summit in Stockholm, Sweden, which said: "[The EU and Brazil] committed themselves to contributing to strengthening the global climate regime, including through clear and ambitious mid-term targets and legally binding commitments for developed countries, as well as Nationally Appropriate Mitigation Actions (NAMAs) for developing countries, supported and enabled by technology, financing and capacity building." In short, the GOB wants to see the Kyoto Protocol reinvigorated with a new set of more ambitious reduction

BRASILIA 00001308 003.2 OF 004

targets and with the United States taking on comparable binding targets, and the developing countries would register their NAMAs. The MRE negotiators see their NAMA targets (such as the 80% reduction figure), as aspirational goals and not legally binding obligations.

TURNING THE HEAT UP ON DEVELOPED COUNTRIES

¶10. (SBU) The GOB lately has been much more vocal about demanding greater GHG emissions reductions by the developed countries than currently proposed. President Lula at UNGA set the tone when he demanded that "the developed countries make much deeper reductions of emissions than their actual proposals, which represent a mere fraction of what was recommended by the IPCC." Senior negotiator Luiz Figueiredo Machado from the Ministry of External Relations and Suzana Kahn from the Environment Ministry have been saying that developed countries must reduce their GHG emissions by "between 25% and 40%" by 2020 from their 1990 levels. Environment Minister Minc has publicly said that the reductions envisioned by the United States for 2020 in the Waxman-Markey legislation were not enough. Leandro Waldvogel, who is on the Ministry of External Relations' negotiating team, explained to Science Counselor that Brazil is satisfied with the 2050 target in the Waxman-Markey bill, but believes that the 2020 mid-term target in the bill is not sufficient.

¶11. (SBU) The GOB is calling for a massive infusion of financial assistance to help developing countries implement mitigation and

adaptation measures. The MRE insists the while markets and the private sector can make a contribution, Brazil is looking to public financing from the developed countries. Moreover, the GOB looks kindly on the idea of compensating developing countries for the harm caused by historic emissions from the developed countries, according to Andre Odenbreit, MRE's Director of the Environmental Policy Division.

¶12. (SBU) With respect to technology transfer, Brazil joined India and Saudi Arabia in mentioning the possible use of compulsory licensing for clean energy technologies in their plenary statements during the UNFCCC meeting in Bangkok in April 2008. Further, the French Deputy Chief of Mission told Post that during President Sarkozy's September 8 visit the Brazilians pressed for free transfer of French green technology.

MIXED MESSAGES ON REDD

¶13. (SBU) While the MRE has shifted from its adamant opposition to carbon credits for forests, including through Reducing Emissions from Deforestation and forest Degradation (REDD), it is fighting a rearguard effort to undermine them. Waldvogel explained that there is a fear that the developed countries will avoid having to make their own domestic emissions reductions by using offsets, especially with forest credits. He said that the MRE wasn't too concerned about the United States, with the Waxman-Markey bill having just a five percent allotment for overseas credit. The real problem is that the Europeans could use this on a much larger scale, he said. Nonetheless, a powerful group of nine governors from the Amazon region are putting intense pressure on President Lula to include REDD. Consequently, the EU and Brazil in early October jointly stated that they "committed to step up efforts to ensure the inclusion of REDD in the Copenhagen agreed outcome and to establish and effective and reliable means of support for REDD under the Convention, with public finance offering strong incentives for action in this sector."

¶14. (SBU) Odenbreit from the MRE said that the GOB is thinking about limiting carbon credits for forests to only where they are supplemental and do not offset another country's emissions reductions target. COMMENT. If Brazil adopts such a position, then this threatens to preclude almost all carbon credits for forests. Yet, it is unlikely at the end of the day that the powerful coalition of governors, the Environment Ministry, Finance Ministry, business, environmentalists, and Presidential advisors will allow the MRE to block the introduction of carbon credits for forests. END COMMENT.

JOINT DECLARATION WITH FRANCE

¶15. (SBU) At an October 22 meeting, the MRE's Waldvogel briefed Science Counselor on progress in developing a French-Brazilian joint declaration on climate change. During the September 8 visit of French President Sarkozy to Brasilia it was announced that the two countries would work on a joint position going into Copenhagen. The French Embassy in Brasilia earlier had downplayed this announcement

BRASILIA 00001308 004.4 OF 004

as basically public relations. Now it appears there may be more substance to the initiative. Waldvogel indicated that the French and Brazilians are crafting text for a joint declaration on climate change, which they are aiming to release after the climate change meeting in Barcelona, but before Copenhagen.

16 (SBU) Waldvogel described this joint initiative as an effort to create a "bridge" - a word that he said is used in the first paragraph of the declaration - between the developing and developed world. Brazil would serve as the gateway to the G-77 and France to the developed world, he explained. The joint declaration would cover a wide range of topics, he said, such as mitigation, forests, adaptation, financing, and technology transfer. COMMENT. This initiative fits nicely into President Lula's and the MRE's tendency to favor all things French, during this "The Year of France" in Brazil. Since the GOB has not decided on its position for Copenhagen and France is acting in its individual capacity, it is hard to see that the joint declaration will unveil major,

substantive initiatives. This attention to France does not mean that the GOB doesn't want closer ties with the USG on climate change. The GOB is well aware of the USG's partnership and links with China and other countries. It wants to be part of these closer ties too, which is why it has submitted a draft Memorandum of Understanding on climate change. END COMMENT.

SOUTH AMERICAN AMAZON FOREST SUMMIT ON NOV. 26

¶17. (SBU) President Lula has invited the leaders of the other South American countries having a part of the Amazon forest to meet in Manaus, Brazil, on November 26. The objective of this summit is to develop common positions going into Copenhagen on (1) mitigation involving forests, especially with regards to REDD, (2) adaptation involving forests, and (3) financing mechanisms. COMMENT. It is hard to see how a common position by this group would be constructive to reaching agreement in Copenhagen, given the demands by some for enormous compensation for harm caused by historic emissions, antipathy toward intellectual property, and unwillingness to commit to economy-wide reduction targets. END COMMENT.

COMMENT

¶18. (SBU) The GOB is girding itself for the final stretch of negotiations going into Copenhagen. While promising to present an "ambitious" position they have decided to play it safe. They are keeping in their pocket an acceptable economy-wide GHG emissions reduction target (which would be between 20 and 30 percent). At the same time, they are pressing the developed countries to be much more forthcoming on emissions reduction targets, financing, and technology transfer. The debate has been heating up. Lately, the new voices on the scene - Finance Ministry, the governors from the Amazon region, and business - have tended to weigh in on the side of taking bolder steps. Unfortunately, as Vice Minister of the Environment Izabella Teixeira has pointed out to Post, the Ministry of External Relations remains very concerned about breaking ranks with the G-77. This suggests the GOB will lean toward a defensive posture, while laying on excessive demands for developed countries. As evidenced by the GOB's posturing at the Major Economies Forum meeting in Washington and in London, Brazil is still willing to come out siding with China and India on key issues. Nonetheless, it appears that the GOB has room to improve its position going into Copenhagen and interventions by President Obama and/or senior USG officials with Brazilian counterparts may help tilt the balance. END COMMENT.

KUBISKE